

Michaud Testifies on Behalf of Maine's Workers and Paper Mills

Thursday, September 16 2010

Final decisions on paper case crucial to Maine's economy nearing

WASHINGTON, DC ‐ This morning, Congressman Mike Michaud testified before the International Trade Commission (ITC) on the petition that was filed by U.S. paper manufacturers and their workers against Chinese and Indonesian subsidized imports. For months, Michaud has been working with Sappi Fine and NewPage, which have mills and many workers in Maine and are petitioners in this case, to press the U.S. Department of Commerce and the ITC to assess tariffs on Chinese and Indonesian paper imports in order to offset their rate of state subsidization.

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Preliminary decisions reached this spring found in favor of the domestic manufacturers and their workers. But a positive outcome for the domestic industry and its workers requires both the Department of Commerce and the ITC to make final, affirmative determinations in their favor. The final decision by the Department of Commerce is expected early next week, while the ITC decision is expected on October 19th.

Michaud's testimony before the ITC, which highlights the overall problem as well as his personal experience with the paper industry, can be found below.

Testimony

Congressman Michael H. Michaud

International Trade Commission

Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from China and Indonesia

Inv. Nos. 701-TA-470-471 and 731-TA-1169-1170 (Final)

September 16, 2010

Thank you Chairman Okun and all the members of the Commission for allowing me to testify before you today on these very important antidumping and countervailing cases on certain coated paper from China and Indonesia.

I also want to thank you for your work on this and other trade enforcement issues, which is critical to ensuring that our workers and companies compete on a level playing field in this and other industries.

As you may know, I worked in a paper mill in East Millinocket, Maine for nearly thirty years and watched my hometown decline when the paper mill shut down the same year I was sworn into office. Once the mill shut down, the town

didn't know if it would have enough money to keep the school running, and the senior class didn't know if it would be able to graduate, because the mill accounted for about eighty percent of East Millinocket's tax base.

All of this goes to show that the economic impacts of these subsidies are real, especially in small communities like East Millinocket, which faced over a thirty-two percent unemployment rate after the mill closed. And while the good people of the Katahdin Region are as hard-working and as resilient as ever, no one can deny that the community was changed for the worse when the mill shut its doors.

But my hometown mill is not the only one that has suffered this fate, which is why we are all here today. The impact of Chinese and Indonesian coated paper imports on American producers has been significant. Some estimates say that six thousand production workers represented by the United Steelworkers at twenty paper mills operating in seven states are affected. Our companies simply cannot compete against the Chinese and Indonesian subsidies.

These subsidies are not only unfair but also illegal. And they disadvantage our American businesses and put our fellow citizens out of work. In fact, in the last two years, Trade Adjustment Assistance has been given to laid-off Maine workers from both Sappi Fine and NewPage as a result of increased foreign imports.

That is why I am pleased that the preliminary decisions in this case have indicated that there has been material injury to the U.S. coated paper industry. And I strongly supported the finding that the China-wide dumping margin is one hundred and thirty-five percent and subsidy rates range as high as nearly thirteen percent.

This preliminary decision underscores just how much China's high levels of dumping and enormous subsidies harm our industry. And to the paper mill employees in Maine and around the country, it is much-needed relief.

In 2008, China surpassed the U.S. and became the new leading global producer of paper and paper products, all because of their subsidies. Their unfair trade advantage has come at a great cost to our own industry, and we must respond accordingly.

I urge you to continue your efforts to evaluate the negative effects of China's and Indonesia's subsidies on our U.S. paper industry and ensure that our manufacturers and our workers are able to compete on a level playing field in the global economy.

Thank you again for allowing me to participate in today's proceedings.

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